

eLoans – Online Access for Loans

Business Case

December 10, 2001

Managing Partner: Department of Education

Partner Agencies: Department of Agriculture
Department of Housing and Urban Development
Small Business Administration
Department of Veterans Affairs

Federal Deposit Insurance Corporation
Federal Emergency Management Agency
Department of Health and Human Services

Capital Asset Plan - OMB Exhibit 300

Part 1: SUMMARY OF PROJECT INFORMATION AND SPENDING

Agency U.S. Department of Education

Bureau

Account Title

Account Identification Code

PCAS Number

Program Activity

Name of Project **eLoans: Online Access for Loans**

This Project is: New X Ongoing

Project/useful segment is funded: *subject to approval* Incrementally X Fully

Did the Executive/Investment Review Committee approve funding for this project this year? Yes N/A No

Did the CFO review the cost goal? Yes N/A No

Did the Procurement Executive review the acquisition strategy? Yes N/A No

Is this project information technology? Yes X No

For information technology projects only:

a. Is this Project a Financial Management System? (see section 53.2 for a definition) Yes No X

If so, does this project address a FFMIA compliance area? Yes No

If yes, which compliance area?

b. Does this project implement electronic transactions or record keeping that is covered by the Government Paperwork Elimination Act (GPEA)? Yes X No

If so, is it included in your GPEA plan (and does not yet provide an electronic option)? Yes No X

Does the project already provide an electronic option? Yes X No

c. Was a privacy impact assessment performed for this project? Yes No X

d. Does the security of this project meet the requirements of the Government Information Security Reform Act (GISRA)? Yes X No

Were any weaknesses identified for this project in the annual program review or independent evaluation? Yes N/A No

Part 1: SUMMARY OF SPENDING FOR PROJECT STAGES

(In Millions)

	PY-1 and Earlier	PY 2001	CY 2002	BY 2003	BY+1 2004	BY+2 2005	BY+3 2006	BY+4& Beyond	Total
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Planning:

Budget Authority

Outlays

Full Acquisition :

Budget Authority

Outlays

Total, sum of stages:

Budget Authority

Outlays

Maintenance:

Budget Authority

Outlays

Total, All Stages:

Budget Authority

Outlays

Please refer to Part I, #9 for current costs associated with federal loan systems. Additional budget dialogue is necessary to derive equivalent FTE costs. Please see Part III, B1 for start-up costs required for the eLoans initiative itself.

PROJECT DESCRIPTION

1. What is the value proposition? (What strategic mission objective is this initiative advancing?)

eGovernment has been defined as “the continuous optimization of service delivery, constituency participation and governance by transforming internal and external relationships through technology, the Internet, and new media.”¹ The G2C eLoans project proposed within this business case fits squarely within this common definition and helps provide many of the benefits sought by the reform initiatives and strategic objectives currently being pursued at the federal level.

eLoans Mission Statement:

“A Single Place to Start Any Federal Loan in Your Lifetime.”

The eLoans initiative will create a single point of access for Citizens to request and utilize loan vehicles as required, regardless of sourcing Agency. Commonalities across the eight core Agencies will be identified and leveraged to create a holistic solution from the Citizen’s perspective, and cost savings opportunities for Agencies as resources and data are made accessible through a common

¹ Gartner Group, May 2000

framework.

As part of the President's Management Council's (PMC) eGovernment agenda, Online Access for Loans, or to put it simply, eLoans, is a cornerstone initiative that addresses a key component of American society. Almost every Citizen will utilize some form of Federal loan during his or her lifetime, be it for school, small business, or the American dream of buying a home (**Figure 1**). eLoans is positioned to improve and optimize this experience, by putting the Citizen first.

Our focus will be on creating a common Citizen lifecycle for the loan experience, mapping the different paths that may be chosen at different points in a person's life, and providing a simple path from this lifecycle to the appropriate loan vehicle, all from one common electronic access point. The eLoans portal will also provide educational opportunities to our Citizens, so that they understand fully the ramifications of defaulting on a student loan, for example, when it comes to someday wanting to purchase a house.

Citizen Groups Have Many Different Loan Needs

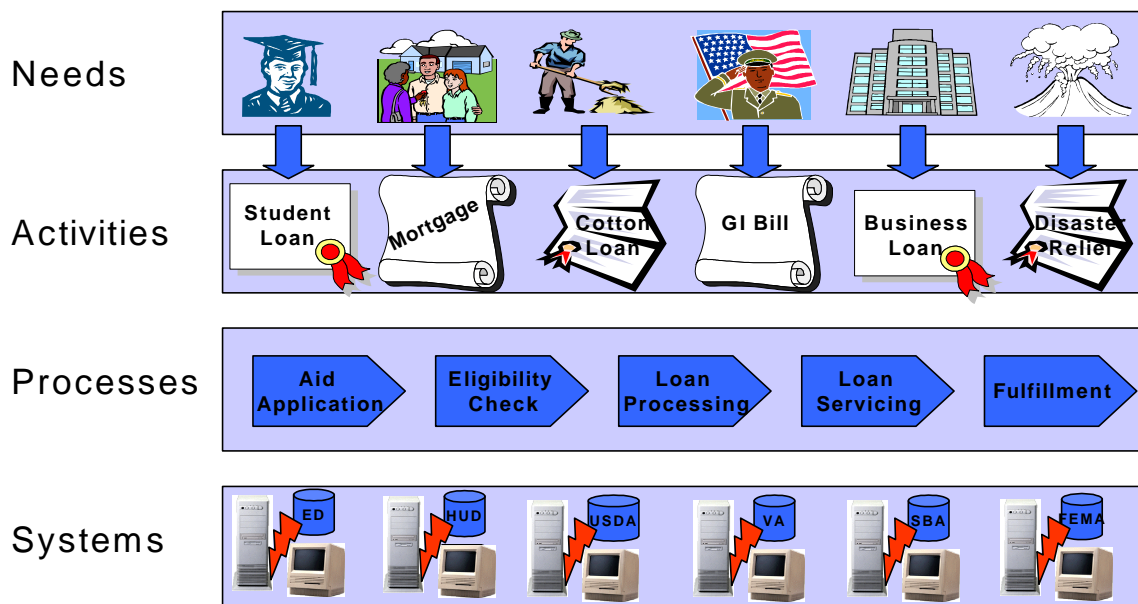
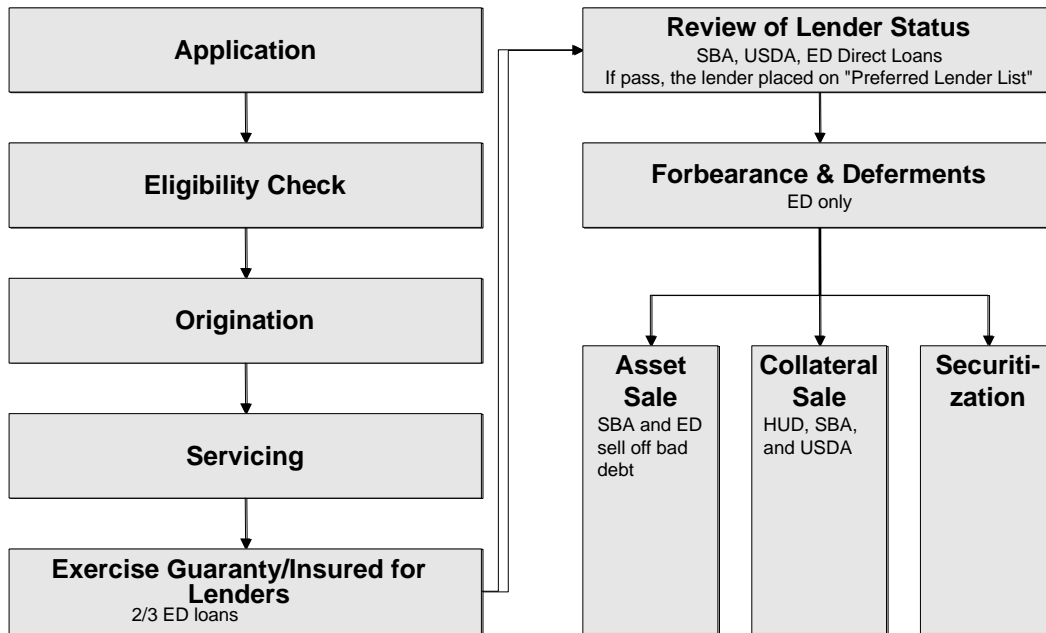


Figure 1: Different Products, Similar Processes & Systems

A critical component to this effort has been the identification of commonalities in the loan process across participating Agencies in the areas of loan eligibility, origination, servicing, and fulfillment (**Figure 2**). While processing differences do exist amongst Agencies due to different missions and constituencies, the eLoans initiative will utilize commonalities by simplifying operations and unifying systems wherever feasible.

It is understood that there are many aspects of loan products and processes that may be unique to an Agency and how it serves the needs of its Citizen constituency. These capabilities will be preserved. It is neither the intention nor the purpose of the eLoans initiative to reduce service but instead capitalize on what is common by leveraging economies of scale and best practices to better serve the public.

Loan Processing Lifecycle



Note: Direct loan process is a subset of the above process flow

Figure 2: Federal Loan Lifecycle

eLoans will seek to:

- Create Citizen value through education, simplification and increased accessibility to federal loan programs
- Streamline common processes
- Create Government-wide – rather than Agency specific – relationships with vendors and financial partners
- Leverage existing infrastructure in technology and knowledge capital to create a more comprehensive solution
- Utilize the internet as a cost reduction mechanism as the loan process becomes more automated

2. If this is a multi-agency initiative, identify the agencies and organizations affected by this initiative.

Eight primary Agencies have been identified as having interaction with Citizens in some fashion during a federal loan experience. Five Agencies have actively participated in the effort to shape and refine a collective vision for the eLoans initiative that directly supports the themes found in the President's Management Council agenda. These Agencies represent the majority of the federal loan programs. The remaining Agencies provide federal loans in response to a crisis event and have elected not to participate at this time. They will be integrated into the solution as we progress.

Active

- Department of Education - Managing Partner Agency
- Department of Agriculture
- Department of Housing and Urban Development
- Small Business Administration
- Department of Veteran Affairs

Inactive

- Federal Deposit Insurance Corporation
- Federal Emergency Management Agency
- Department of Health and Human Services

3. What assumptions are made and why?

This business case represents the joint recommendation for a more integrated loan process and enhanced Citizen experience within the federal loan marketplace. In defining the vision for this initiative and how it might be accomplished, it was necessary to make the following assumptions:

- Citizens want a single point of access to loans anywhere, anyplace and anytime basis.
- Cost savings exist from eLoans for both public and private sectors.
- eLoans will coordinate with other eGovernment initiatives, especially those that are oriented around Citizens and commerce related activities.
- OMB approval to re-direct funding for Phase 1 effort for affected agencies will be granted. OMB will grant subsequent funding for: Phase 2 based on achieving Phase 1 success; and Phase 3 based on achieving Phase 2 success.
- GSA will host through the FirstGov portal and provide accessibility to the eLoans solutions, but each Agency will own individual data.
- PKI eAuthentication initiative will be complete prior to eLoans Phase II implementation.
- eEligibility (championed by the Department of Labor) initiative will be complete prior to eLoans Phase II implementation.
- Agencies that did not participate in developing the preliminary design of the eLoans initiative described in this business case will be required to integrate on the backend.
- Agencies have adequately trained staff to implement and/or can contract out for needed resources.
- Education's Perkins loan program has been defined as being outside the scope of this initiative.
- USDA's grant programs have been defined as being outside the scope of this initiative.
- SBA's Surety Bond Guarantee and Preferred Surety Bond Guarantee programs have been defined as being outside the scope of this initiative

4. What are the major process simplification/reengineering/design projects that are required as part of this initiative?

eLoans will simplify the loan experience for the Citizen by using common activities that are performed by different Agencies in the fulfillment of all types of Federal loan vehicles (**see Appendix - Commonality Matrix**). The objective is to then utilize these commonalities to develop an electronic bridge between Agencies to offer a seamless and simplified loan experience for the Citizen. The eLoans transformation will evolve over a 24-month timeframe in three phases (**Figure 3**).

- Phase 1 - Design, Development, Testing, and Deployment of a Citizen-Centric Portal – eLoans.gov – where Citizens can receive information for all Citizen-based loan programs, determine loan eligibility requirements, and submit applications.
- Phase 2 - Enhance eLoans.gov to Support Sharing of Citizen Data Across Agencies Effectively.
- Phase 3 - Further Enhance eLoans.gov to Support Shared Loan Data Across Agencies Effectively

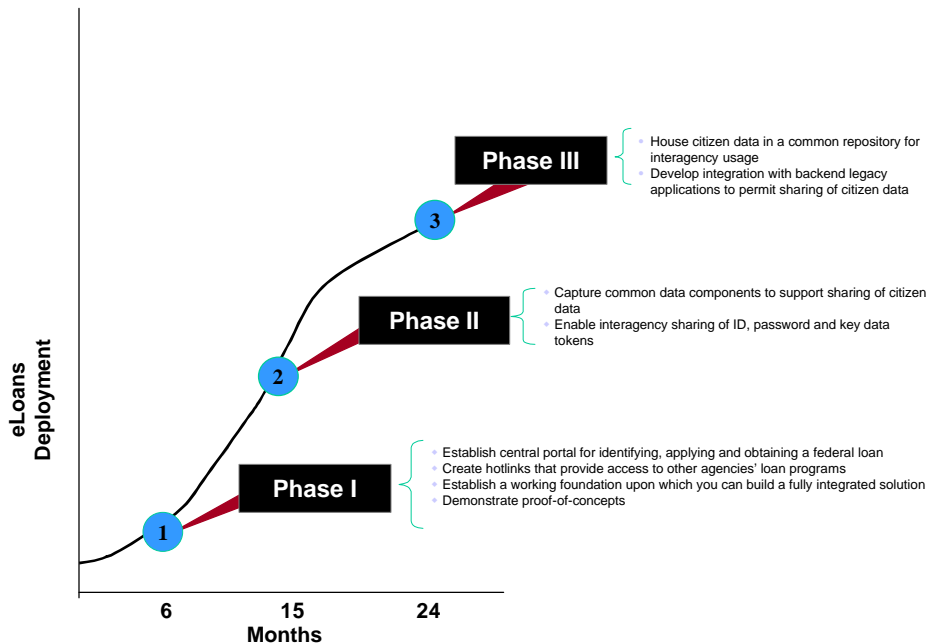


Figure 3: eLoans Phases

5. What are the major organization restructuring, training, and change management projects that are required?

Phase 1

In Phase 1, a task force composed of FTE line-of-business employees will evaluate the results of Phase 1 based on services operational and will determine if there is sufficient need for a JPO-like entity. Further, they will become the Steering Committee in Phase 2 and determine the feasible services to be provided.

The task force will focus on establishing the organization and simplifying the process of accessing federal loans. There are three primary objectives in Phase 1:

- Creating the eLoans portal with links to agency resources.
- Making consumer loan education programs and resources more readily available to citizens.
- Identify “low-hanging fruit” opportunities around process improvements, elimination of redundant systems, leveraging “best of breed” initiatives and/or outsourcing opportunities

A steering committee comprised of representatives from the active eLoans agencies will take the lead in defining the JPO's mission, designing its organization structure, defining the roles and responsibilities for each business unit, and aligning them with organizational objectives. Drawing on organization and management best practices from both industry and government, the committee will develop an organizational structure that will support the JPO's diverse needs and relationships. Another activity of this phase will be to identify resources for each the key roles.

Phase 2, Phase 3

The strategic direction and management of the eLoans initiative will be provided by a new entity – the Joint Program Office (JPO). The vision for this office, which will evolve as the initiative progresses, is for it to oversee all federal loan, guaranty, and insured services and manage and own the common processes across these programs. The JPO will enable agencies to leverage their resources to meet growing Citizen demand for high quality, low cost loan/guaranty/insured services. By centralizing these responsibilities through the JPO, agencies will have more time to focus on serving the needs of its target audiences. The committee will designate functional and technical leads and will be responsible for setting JPO policy. The vision for this JPO organization structure is depicted below (Figure 4).

Vision of the eLoans JPO Organization

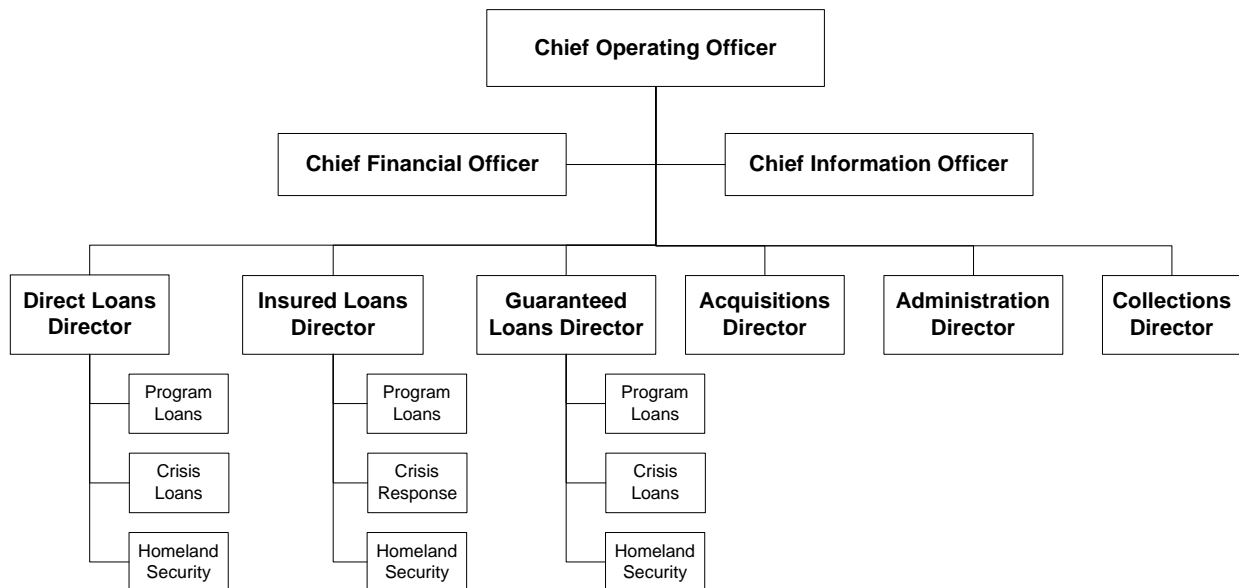


Figure 4: Proposed eLoans JPO

The proposed structure shows the Chief Operating Officer (COO) as the senior manager of the JPO. The eLoans team envisions this to be a two-year position, rotating representation from the active agencies. In addition to operational oversight, the COO will provide legislative support and manage the quality assurance/quality control function. The Chief Financial Officer (CFO) and Chief Information Officer (CIO) will likely be full-time JPO resources, however these functions may be leveraged across multiple initiatives. These roles will be accountable for compliance with Government Paper Elimination Act (GPEA), the Clinger-Cohen Act, and any other relevant statutory regulations.

Business units will be organized by channel (Direct Loans, Guaranteed Loans, Insured Loans) and key support functions (Acquisitions, Administration, and Collections).

The Direct Loan unit will assess the common processes across agency direct loan programs (i.e. loan eligibility determination, origination, servicing, and termination.) Sub-units of Direct Loans may include separate operating units for Program Loans (e.g. education or small business loans), Crisis Loans (e.g. loans to rebuild citizens' homes in the event of a natural disaster), and Homeland Security (e.g. loans to assist victims or the families of victims in the event of a terrorist attack.)

The Insured Loan unit will assess the common processes across agency insured loan programs (i.e. origination, endorsement, servicing, and termination.) Sub-units of Insured Loans may include operating units similar to Direct Loan. Program Loans will support loan programs insured by the government (e.g. FHA and VA home loans). Crisis Response will address citizen hardships following a natural disaster by, for example, forgiving late insurance payments for a specified number of months. Homeland Security will respond similarly to future victims of any terrorist attacks.

The Guaranteed Loan unit will assess the common processes across agency guaranteed loan programs, i.e. eligibility, origination, guarantee, servicing, and termination. Program Loans will manage loans guaranteed by the government (e.g. farm loans).

The Acquisitions unit will review contracts and design appropriate vehicles for ensuring that needs of eLoans are met.

The Administration unit will manage JPO's administrative functions including finance and budgeting, human resources, communications, and JPO administrative support.

The Collections unit will be responsible for handling "bad debt" or non-performing assets collections, a process similar across all agencies. This function may be outsourced entirely which could translate to significant cost savings.

Model of Interactions with Agencies and Citizens

As the central point of federal loans, the JPO will interact directly with agencies to support their unique program needs, and with Citizens to direct them to appropriate programs and services (**Figure 5**).

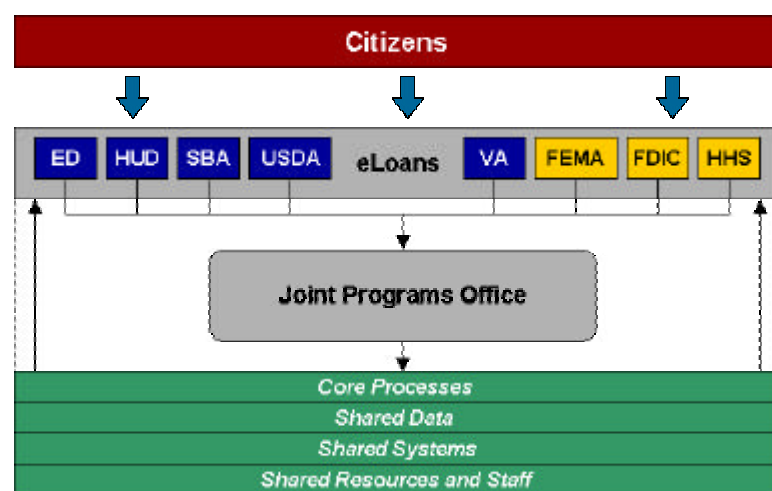


Figure 5: Citizens, Agencies, and the eLoans JPO

The JPO could be modeled on the performance-based organization (PBO) concept wherein the team could leverage lessons learned from the Department of Education's Student Financial Assistance transformation to a performance-based organization. As a self-sustaining business, the JPO will develop its own service metrics and establish a method of measuring performance.

Other activities of the steering committee during this phase include standardizing common business processes (e.g. customer service, origination) across agencies, developing methods to improve loan programs and process knowledge sharing, coordinating start-up and general administrative activities (e.g. time tracking, status reporting, etc.), and planning for services to come on-line in Phase 2.

Staffing the JPO presents several challenges that will need to be addressed during Phase 1. The eLoans team has discussed the need for active agencies to contribute resources to the JPO. The JPO anticipates staffing some functional roles with Agency line of business personnel who possess loan/guaranty/insured program-specific knowledge. The JPO will need to determine how these employees will be transferred into the JPO organization; decide what reporting structures will need to be in place for any interim periods prior to transfer; identify who will manage the employees; and address differences in compensation that may exist across Agencies for similar roles.

The JPO also expects to outsource some functions. The eLoans team defines "outsourcing" as "customer service at the 'best' cost and service." With this in mind, the team will consider opportunities to outsource non-core functions in order to achieve the best balance between cost and service.

6. What are the implications for the lines of business architecture?

We will evaluate the transformations that have taken place over the last 10 years in the banking, customer fulfillment, and bad-debt collections industry segments and leverage proven business processes and system strategies in building out eLoans. Our line of business architects will then tailor the solution into a seamless and simplified model that Citizens can utilize and find valuable. We anticipate procedural, regulation and even legal changes may be necessary to achieve the desired synergies from this effort, and our business architects will be critical for outlining the cost/benefit analysis for any change recommendations.

7. What types of data will be used in this project?

The eLoans initiative will touch many constituencies and commercial enterprises resulting in a large number of data types and requirements. For example, the following groups will be touched in some way or the other by a fully implemented eLoans initiative (**Figure 6**).

Agency	Citizen Group		Business Partners	
ED	<ul style="list-style-type: none"> •Students •Parents •Kids •College/ Universities/ Trade Schools 	<ul style="list-style-type: none"> •People with disabilities •Teachers 	<ul style="list-style-type: none"> •Private Lenders (FFEL) 	<ul style="list-style-type: none"> •Guaranty Agencies (insure FFEL loans)
USDA	<ul style="list-style-type: none"> •Homebuyers •Low-income Rural Residents •Rural Senior Citizens 	<ul style="list-style-type: none"> •Farmers •Association of Farmers •Disaster Victims 	<ul style="list-style-type: none"> •Municipalities •Counties •Special-purpose District 	<ul style="list-style-type: none"> •State and Local Public Agencies •Consumer Cooperatives
HUD	<ul style="list-style-type: none"> •Homebuyers •Homeowners •Senior Citizens •Veterans •Kids 	<ul style="list-style-type: none"> •Students •People with disabilities •Researches •Native Americans 	<ul style="list-style-type: none"> •Lenders •Brokers •Tribes •Counseling Agencies •Inspectors •Home builders •Appraisers •Realtors 	<ul style="list-style-type: none"> •Grantees/non-profits •Congress/elected officials •Small businesses •Fair Housing •Investors •Auditors/investigators •Local Governments •Fair Housing
SBA	<ul style="list-style-type: none"> •Start-up business •Small business •Commercial lending institutions •Defense-dependent small companies 	<ul style="list-style-type: none"> •Export-ready small businesses •New-markets •Disaster Victims 	<ul style="list-style-type: none"> •Commercial Loan Servicing Centers •SB venture capital firms •Credit Unions •Insurance Companies •Surety companies 	<ul style="list-style-type: none"> •Chartered Banks •Business Industry Development Companies (BIDCOs) •Small Business Lending Companies (SBLCs) •Realtors
VA	<ul style="list-style-type: none"> •Eligible Veteran Homebuyers/Homeowners •Certain Unmarried Surviving Spouses •Certain seriously disabled veterans 	<ul style="list-style-type: none"> •Native Americans (living on Federally recognized trust lands) 	<ul style="list-style-type: none"> •Lenders •Brokers •Tribes •Counseling Agencies •Inspectors 	<ul style="list-style-type: none"> •Home Builders •Appraisers •Realtors

Figure 6: Citizen Groups and Business Partners at Loan Agencies

8. What are the constraints/risks that stand in the way of successful implementation of this initiative and how will they be mitigated?

Preliminary risk assessments conducted during the development of this business case have resulted in the identification of the following risks. Additional risk areas are possible and will continue to be documented and mitigated against during Phase 1. Please refer to **Part III, Section D-6** for mitigation strategies associated with each risk.

Acceptance of Proposed Value Proposition: Borrowers do not see/appreciate value provided by the eLoans model.

Inter-Agency Cooperation: Eight agencies have been identified as supporting loans to citizens with five participating during business case development. Due to breadth and depth of the eLoans initiative, a strong central management approach will need to be developed and implemented across agencies. Sustained inter-agency cooperation will be required for successful implementation. Agencies that did not participate in development of business case will be required to integrate into solution on the backend.

Privacy Act: Phase 2 and Phase 3 require that Citizen data and loan information be shared with more parties than is done during existing loan processes. Citizen perception of the data collection efforts required with this initiative could be an issue if not addressed appropriately.

Current Culture: Areas ultimately targeted for efficiency improvements may be perceived as challenges to organizational structure/control.

Multi-Year Effort is Required: eLoans will be implemented across three phases spanning 18-24 months requiring subsequent funding allocations and sustained senior management support at multiple agencies.

Non-Participating Agencies Do Not Join Initiative: Full benefits of eLoans will not be realized if the three non-participating agencies do not integrate into the proposed solution.

Unionization: Unionized employee groups may resist efforts perceived as reducing employment opportunities for their memberships. May seek to block any outsourcing alternatives identified in Phase 2 and Phase 3.

Necessary Funding Will Be Sustained Across eLoan Phases: OMB approval to re-direct funding for Phase 1 effort for affected agencies will be granted. OMB will grant subsequent funding for Phase 2 based on achieving Phase 1 success; and Phase 3 based on achieving Phase 2 success.

Legislative Rules and Laws: Rules and laws may conflict with different aspects of the eLoans initiative (e.g. rules to protect sensitive citizen data).

Agency Policies: Existing policies at participating agencies may conflict with different aspects of the eLoans initiative.

Business Partner Alienation: The eLoans initiative will call for changes in business processes and technologies for key stakeholders including banks, schools, brokers, guaranty agencies, and lenders to name a few. The upfront cost to implement these changes and integrate with the eLoans solution may produce disproportionately greater burden on smaller (e.g. Section 8(a)) firms and schools which have fewer available resources for an effort of this scale. Consequently, some firms may not be able to participate in the initiative which may be perceived to threaten existing partner relationships and widen the Digital Divide.

Aging Federal Workforce: Participating agencies will experience a loss of institutional knowledge as older staff retire over the multi-year period of the initiative.

HUD/FHA's Mutual Mortgage Insurance Fund: Capital reserves are the responsibilities of the FHA Commissioner and should not be commingled with funding for eLoans.

9. **Summary: Synthesis of findings derived from research, interviews, and other documentation?**

The Why – Part 1

Many Citizens come to federal Agencies to have their loan needs met in some fashion or another. The number of in-scope loan programs, award numbers, and collective dollar value for the five Agencies active in the eLoans initiative is considerable indeed (**Figure 7**). It is clear that many Americans look to the federal government for loan assistance.

Agency	Loan Funding Channels				Unique Loan Programs Available	Total Annual Dollar Volume FY01 (billions)	Number of Awards FY01 (thousands)	Average Size of Award FY01
	Direct	Guaranteed	Insured	Crisis				
ED	4	4	0	0	8	> \$49	>10,000	>\$4,900
USDA	17	9	2	0	28	> \$19	> 240	> \$79,000
HUD	0	0	13	1	13 (one loan is crisis and insured)	> \$116	> 1000	>\$180,000
SBA	2	12	0	2	14 (Two loans are direct and crisis)	> \$20	> 130	> \$150,000
VA	2	1	0	0	3	> \$31	> 270	> \$100,000
TOTALS	25	26	15	3	66	> \$235	> 11,640	

Figure 7: Loan Programs Summary

The annual operational costs required to maintain independent loan systems across multiple agencies is significant. There are over eighty systems costing in the aggregate over \$300M annually. Factoring in the costs associated with similar systems at the three inactive partner agencies of this initiative, the costs naturally increase. These costs can be reduced to some degree by eliminating systems that perform similar functions, moving existing volume to the most feasible and efficient platform.

The Why – Part II

The website experience facing Citizens today could be improved across the federal space and this is no less true for those approaching those Agencies charged with the responsibility for overseeing loans. The problem lies in the fact that today's websites sprouted from each Agency as an extension of current operations and processes, not considering how the Citizen might best be served. Consequently, citizens must navigate through multiple sites culling relevant information as they go. This is a time consuming task that many Citizens find frustrating and often without reward.

The eLoans initiative would move turn this around by developing a Citizen-Centric enterprise portal that empowers Citizens by quickly and directly connecting them only to the information they need, demand, and deserve (**Figure 9**).

Website	Enterprise Portal
<ul style="list-style-type: none"> ■ Basic homepage ■ List of agencies ■ Mainly static information ■ Some transactions ■ Organized by agency ■ Often stand-alone to IT ■ Weak customer support 	<ul style="list-style-type: none"> ■ Homepage organized by customer groups/interest ■ List key services ■ Information and Interactions ■ Transaction rich ■ Organized by user needs ■ Fully integrated to IT systems ■ Full customer support

Figure 8: Transforming Websites Into Enterprise Portals

Lessons learned from those deploying early enterprise portals, provide guidance for a sound solution as well as pitfalls to avoid. An enterprise portal:

DOES	DOES NOT
<ul style="list-style-type: none">■ Make it easier to connect with customers■ Focus on customer needs■ Foster cross agency co-operation■ Allow for segmentation of customers■ Encourage large degree of self help■ Present a dynamic face to the world	<ul style="list-style-type: none">■ Alienate users through complexity and poor layout■ Focus on existing agencies■ Exacerbate departmental silos■ Treat everyone the same■ Encourage repetitive "form filling"■ Increase unnecessary bureaucracy■ Present olde world image

Figure 9: Enterprise Portal Design Considerations

The How

The eLoans initiative will serve two specific and measurable objectives. First, during Phase 1 a single point of entry portal will be designed, built, tested, and deployed for public use. The portal, rich into loan information content and hotlinks to Agency and other sites, will greatly simplify the learning process for all Citizens approaching the federal government for a loan. Second, immediate and tangible opportunities to both improve operational efficiency and reduce cost of services will be identified for execution within the six-month window of Phase 1. Subsequent phases, should they receive approval, will serve to increase Citizens benefits and move more significantly and aggressively into the areas of business process redesign for efficiency gains and a reduced cost structure (**Figure 10**).

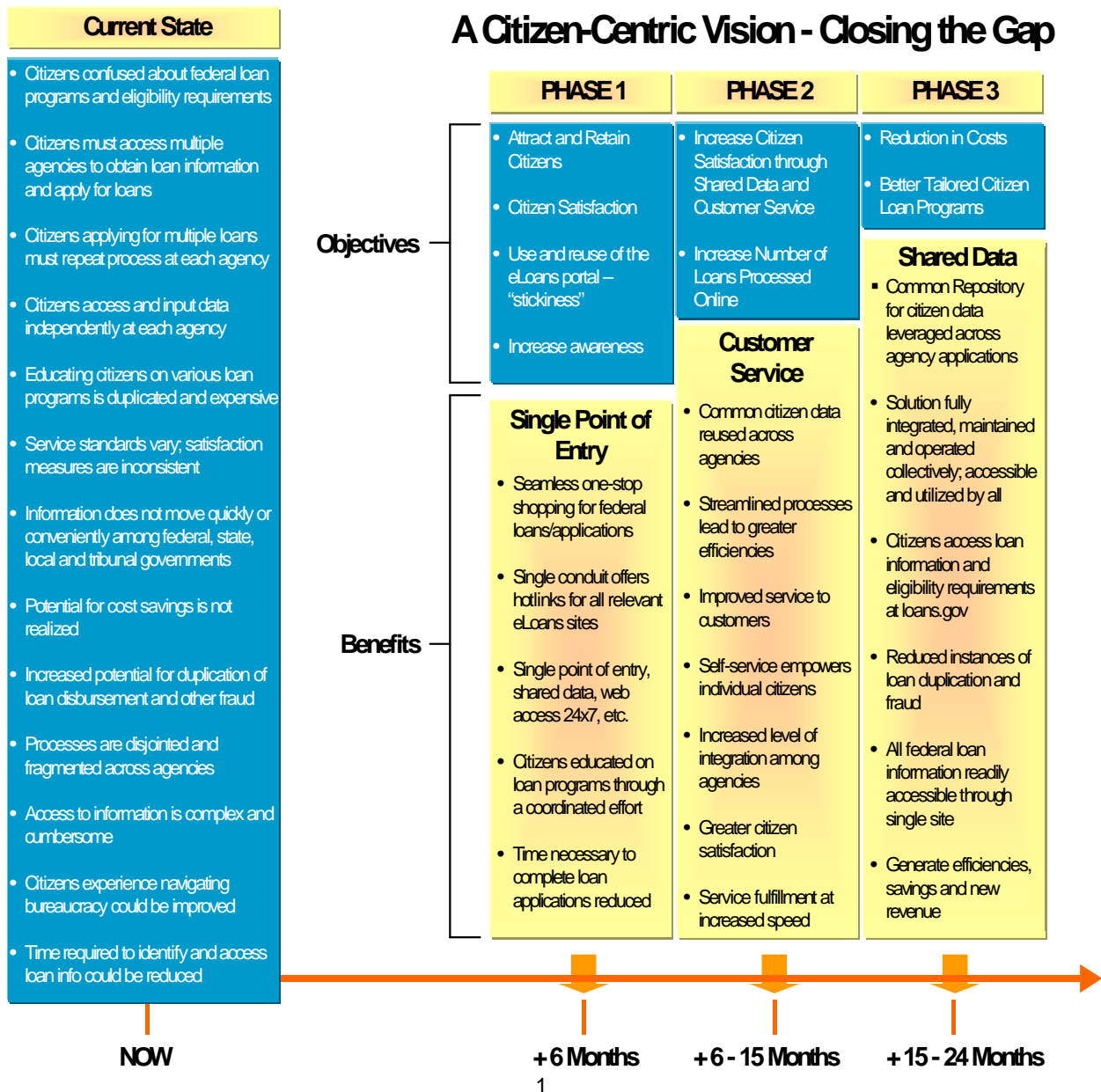


Figure 10: eLoans – A Citizen-Centric Vision

PART II: JUSTIFICATION AND OTHER INFORMATION

A. Justification

A-1) How does this investment support your agency's mission and strategic goals and objectives? If a cross-agency investment provide the strategic goals of the Administration from the President's Management Agenda.

eLoans is a cross-agency initiative that aligns closely with the three principles of the President's vision for government reform. The principles; Citizen-centered, not bureaucracy-centered; Results-oriented; Market-based, actively promoting rather than stifling innovation through competition; are all part of the President's Management Agenda. One of the five goals within the Agenda is Expanding Electronic Government. The administration's goal is to improve the federal government's value to the citizen through Citizen-centered electronic government. eLoans aligns with these overriding principles and directly supports the goal to improve the federal government's value to the Citizen. The following table illustrates how the eLoans initiative supports the President's Management Agenda.

Strategic Goals	Strategic Objectives	How Initiative Supports Goals and Objectives?
Citizen-Centered, Not Bureaucracy-Centered	Provide Citizens with a simple and effective means of applying for money from the government.	eLoans will provide citizens with seamless one-stop shopping for all types of government loans through a single secure internet portal. eLoans will simplify the process of identifying, applying for and obtaining a loan from the federal government.
	Approach the federal loan process based on citizens' needs instead of agencies' needs.	eLoans will enable Citizens to find the best possible loans, lowest rates, and best repayment terms faster than ever before. Citizens will also be able to provide feedback and suggestions on the loan programs offered.
	Improve the value of government to the citizen.	Interagency information sharing through eLoans will increase the government's ability to provide lending options best suited to the needs of the Citizen. This new way of doing business with the government will help to attract and retain citizens.
	Increase Citizen awareness of federal lending options.	eLoans will educate Citizens about the loan programs available to them as well as the process from loan application through loan fulfillment.
Results-Oriented, Not Process-Oriented	Simplify and unify federal loan processes.	By providing a common portal and common data stores, eLoans will eliminate the redundancy in the loan processes that citizens experience today.
	Cut costs while improving service.	Centralizing on the internet, sharing information, and automating labor-intensive processes will result in cross-agency cost savings. Costs such as individual systems operations, licensing, and FTE's will be consolidated. Citizens will be able to do business with the government on an anywhere, anytime basis.

Strategic Goals	Strategic Objectives	How Initiative Supports Goals and Objectives?
	Modernize technology	eLoans leverages portal technology to transcend geography, disabilities, culture, and political differences, even where attempts are made to control it. The internet provides the perfect vehicle for connecting the fragmented entities across agencies.
Market-Based, actively promoting rather than stifling innovation through competition	Promote competitive shopping.	eLoans puts Citizens in control of selecting the best federal loan options for their unique needs. eLoans seeks to equip Citizens with information about private and public-sector lending options, then assists them through the loan process from application to fulfillment.
	Establish/improve government-wide relationships with vendors and financial partners.	Private industry and financial partners will better leverage their commercial technology investments and streamline their interactions with the government. eLoans brings agencies, vendors and financial partners together to form alliances on behalf of Citizens' needs.
	Reduced government costs through shared resources	eLoans will use loan commonalities across Agencies and best practices in government and industry to reduce cost of operations.

A-2) How does this investment support a core or priority function of your agency or the Federal government?

eLoans is part of the President's Management Council eGovernment agenda that is focused on transforming government. The administration's goal is to create a Citizen-centered electronic government increasing the value of government to the Citizen. eLoans will contribute to this transformation by:

- Empowering individual citizens: eLoans will empower Citizens by providing them with access to government services anytime and anywhere. Citizens will be converted into processors of their own transactions, allowing government resources to be focused on other Citizen needs such as customer service. By empowering Citizens, eLoans will streamline access to government loans making it far easier to work with the government than ever before.
- Creating seamless government: eLoans will provide the vehicle for integrating across agencies and service providers. eLoans will accomplish this by leveraging portal technology connecting fragmented entities without having to change organizational structures.
- Transforming services: eLoans will offer the Citizen a single point-of-entry for accessing loan information and processing for the first time on demand on a 24/7 basis. Additionally, new sources and types of information will be available to the Citizen for the first time (e.g., Citizens will experience a wealth of information from an easy to use central point of access). Citizens will also enjoy a reduction in the time it takes to process a loan, cutting the loan processing time down from weeks to days. Citizens and government will also benefit from a near paperless environment with the advent of eLoans.
- Generating efficiencies, savings, new revenue and new value: eLoans will make new partnerships possible, open up new opportunities and potentially create new sources of revenue. Substantial efficiencies will be realized through the capabilities of the enterprise portal – greater

segmentation of Citizens, increased self-service, and better cross Agency coordination.

- Consolidation of systems leads to greater cost savings due to fewer resources being committed to operating and maintaining multiple systems. Fewer systems also lead to reduced instances of loan duplication and fraud.

A-3) Is this investment included in your agency's annual performance plan or multiple agency annual performance plans?

As one of the President's 23 eGovernment Initiatives, eLoans has been added to the each Agency's list of FY 2002 priorities. Upon receipt of OMB approval to commence eLoans – Phase 1, participating Agencies will formally incorporate the eLoans initiative into their respective performance plans.

Strategic Objective	FY 2002 Outcome/Programmatic Output Indicators Supported	How Initiative Supports FY 2002 Indicators?
Department of Education	TBD	TBD
Department of Agriculture	TBD	TBD
Department of Housing and Urban Development	TBD	TBD
Small Business Administration	TBD	TBD
Department of Veterans Affairs	TBD	TBD
Federal Deposit Insurance Corporation	TBD	TBD
Federal Emergency Management Agency	TBD	TBD
Department of Health and Human services	TBD	TBD

A-4) Are there any alternative sources, in the public or private sectors that could perform this function? If so, explain why your agency did not select one of these alternatives.

Currently there is no one place for Citizens to go to understand all the federal loan options available to them. Citizens today must navigate disjointed and fragmented processes across Agencies to identify, apply for and obtain a federal loan. The eLoans vision is to put the needs of the citizen first by providing a seamless one-stop shopping experience for all federal loans. The need for the eLoans initiative has been recognized as one of the 23 eGovernment initiatives.

A-5) How will this investment reduce costs or improve efficiencies?

eLoans will help to reduce costs and improve efficiencies in a variety of ways. The following table highlights the cost opportunities and improved efficiencies by comparing the Citizens' experience today vs. the eLoans vision for the future.

Today	eLoans
<p>Educating Citizens on various loan programs across all agencies is duplicated and expensive. Access to information is complex and cumbersome.</p>	<p>Improved Efficiencies: Citizens will enjoy the efficiency of accessing one central point to get the information they need on obtaining a loan.</p> <p>Reduction in Costs: The government may also realize a reduction in costs by consolidating the education awareness program of several agencies into one central site.</p>

Today	eLoans
Citizens must navigate bureaucratic processes that are disjointed and fragmented across Agencies when applying for and obtaining a loan.	Improved Efficiencies: Citizens will enjoy the ability to quickly and efficiently identify, apply for and obtain the loan that is right for them. Reduction in Costs: Streamlined process will lead to greater efficiencies that translates to higher cost savings and revenue
Citizens applying for multiple loans must repeat processes at each agency. Citizens must access multiple Agencies to obtain loan information and apply.	Improved Efficiencies: Citizens will enjoy the efficiency of one-stop shopping for their federal loan(s) and applications. Reduction in Costs: Cost savings are achieved through streamlining the loan process and eliminating redundancies.
Information does not move quickly or conveniently among federal, state, local and tribal governments.	Improved Efficiencies: Citizens will enjoy greater interaction and integration among the federal Agencies. Reduction in Costs: Shared citizen data in a common across Agency applications will provide greater cost efficiencies.
Increased potential for duplication of loan disbursement and other fraud.	Improved Efficiencies: Citizens will enjoy the efficiency of one-stop shopping for their federal loan(s) and applications. Reduction in Costs: Instances of loan duplication and fraud are reduced/eliminated.

B. Program Management

1. ***Is there a program manager assigned to the project? If so, what is their name?*** Yes ☒ No ☐

Arthur Graham – Education Deputy CIO

2. ***Is there a contracting officer assigned to the project?***

A contracting office will be assigned upon OMB approval of the initiative. Yes ☐ No ☒

3. ***Sponsor / Owner:*** Yes ☒ No ☐

The Department of Education was initially identified as the Managing Partner Agency with the following Partner Agencies: The Department of Agriculture, The Department of Housing and Urban Development, The Small Business Administration, The Department of Veteran Affairs, The Federal Deposit Insurance Corporation, The Federal Emergency Management Agency, and The Department of Health and Human Services. The eLoans JPO recommended for launch in conjunction with Phase 1 activities would ultimately provide the common services assumed from Agencies.

C. Acquisition Strategy

C-1) Will you use a single contract or several contracts to accomplish this project? If multiple contracts are planned, explain how they are related to each other, and how each supports the project performance goals.

It is envisioned that multiple contract types will be required to support the eLoans initiative given that participating Agencies have been directed to redirect existing FY 2002 agency funding to support Phase 1 (if approved). Due to the timeline associated with Phase 1, existing contractor relationships and contract vehicles available to participating agencies will be used for this phase. The longer Phase 2 and Phase 3 timelines will allow for an examination of both new and existing contractor relationships.

C-2) What type(s) of contract will you use (e.g. cost reimbursement, fixed-price, etc.)?

Multiple contract types will most likely be required (see above).

C-3) Will you use financial incentives to motivate contractor performance (e.g. incentive fee, award fee, etc.)?

Fixed-price contracts are anticipated for Phase 1. Shared-savings programs and other financial incentive programs will be considered for use in Phase 2 and Phase 3.

C-4) Will you use competition to select suppliers?

Given the short-term nature of Phase 1 and its impending kick-off date existing contractor relationships and contract vehicles available to participating agencies will be used for this phase. The longer Phase 2 and Phase 3 timelines will allow for an examination of both new and existing contractor relationships.

C-5) Will you use commercially available or COTS products, or custom-designed products?

A primary goal of the eLoans initiative is reduce costs associated with providing federal loans and information services to the citizen public. Wherever feasible, the eLoans initiative will leverage COTS products that have been deemed to be part of best practice solutions developed for commercial enterprises. Vendor/Product selections, however, require a degree of consideration that is only possible during the detailed design phase. It is anticipated that each phase proposed for eLoans will have a detailed design component wherein COTs vs. custom-designed decisions are made after careful analysis. Furthermore, the eLoans initiative will fully leverage best practices within the commercial and government sectors. Capabilities available in the private sector will be examined for feasibility in each detailed design phase an incorporated into the overall solution wherever possible. Within the government sector, the eLoans initiative has been looking at best practices in loan operations (origination, servicing, fulfillment) amongst the agencies participating in the effort and was recently expanded to include the various eGovernment initiatives on each agency's agenda. The "best in government" processes and initiatives will be leveraged within eLoans to the fullest extent possible.

D. Alternatives Analysis and Risk Management

D-1) Describe the alternatives you considered for supporting your on-going project

eLoans represents a new offering to citizens that replaces a organizationally disjointed existing process.

The eLoans initiative aligns with the principles of the President's Management Agenda and has been selected as one of the 23 priorities within eGovernment. eLoans leverages the internet to deliver value to the Citizen, yield efficiencies to the agencies and reduce costs to the government. In order to meet the needs of the Citizens', the eLoans solution is the next logical step as a means of providing federal loans to all citizen groups. eLoans is intended to follow a phased-in approach. As such, at the conclusion of each phase management will validate the direction of the initiative and ensure it is on track to meet its performance objectives.

Citizens today must navigate disjointed and fragmented processes across agencies to identify, apply for and obtain a federal loan. **Figure 12** illustrates the Citizen's experience today.

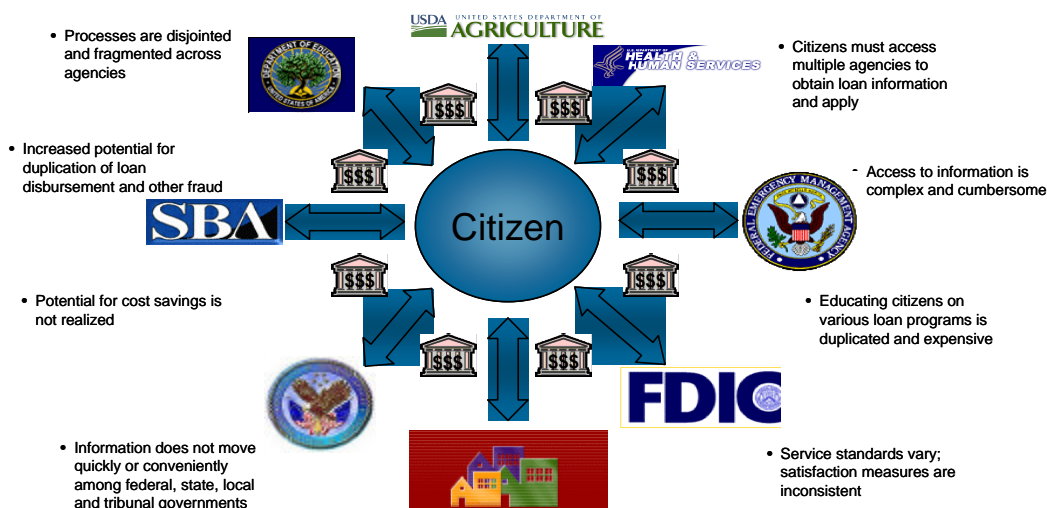


Figure 11: Citizen's Must Navigate a Complex Bureaucratic Process to Obtain a Loan Today

The eLoans vision is to put the needs of the citizen first by providing a seamless one-stop shopping experience for all federal loans. Figure D-1b illustrates the eLoans vision for the future.

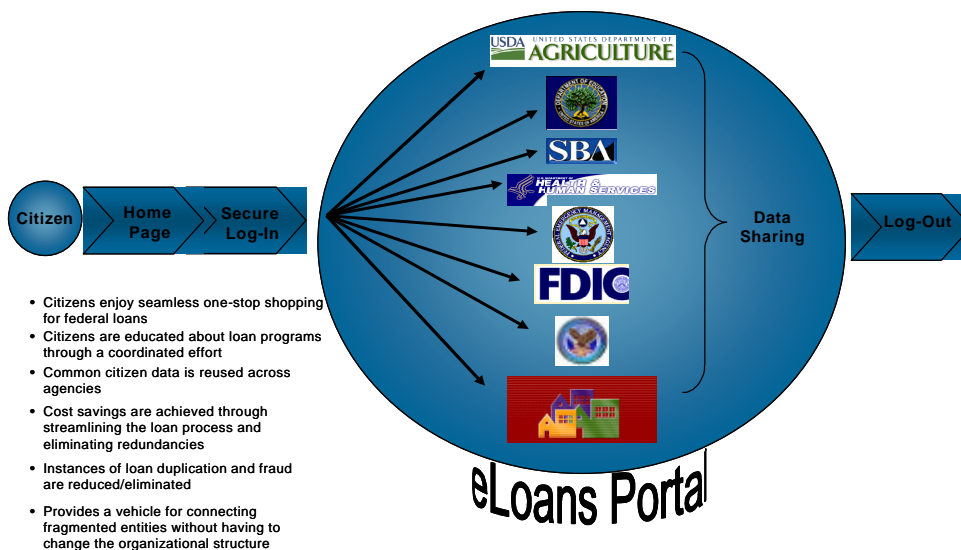


Figure 12: Citizen's Navigation Requirements With eLoans Tomorrow

D-2) Describe the results of the feasibility/performance/benefits analysis for the alternatives identified in D-1.

Given that eLoans is a cornerstone initiative within the President's Management Council's eGovernment agenda, feasibility/performance/benefits analysis for alternatives was not conducted.

eLoans is a new multi-agency venture that will touch millions of citizens if implemented. The degree of benefits accruing to citizens and the cost savings/efficiency gains enjoyed by government will depend on how much of the eLoans vision is ultimately implemented – Phase 1 only, both Phase 1 and Phase 2, or all three phases.

Prior to the start of Phase 2 (Shared Citizen Data), the effort concluded in Phase 1 (Single Point of Entry eLoans Portal) will be evaluated to determine if it is delivering value/benefit in the following areas: increased Citizen traffic (i.e. # of website hits), increased website stickiness (i.e. increased length of website visit, increased # of pages hit), and improved Citizen satisfaction score. Such an assessment is critical in determining whether or not Citizens buy into the eLoans Citizen value proposition – an intentions-based portal designed to simplify and improve an important touchpoint with their Government. If Citizens are not onboard in Phase 1, there is no sense in proceeding into Phase 2.

D-3) Summarize the results of your life-cycle cost analysis performed for each investment and the underlying assumptions.

Not applicable. Please see **Part II, Section D-2** above.

D-4) For IT, explain replaced system savings and savings recovery schedule.

There are many systems (see Appendix for system inventory) of differing ages spread across Agencies to support loan origination, servicing, and fulfillment. Additional analysis and dialogue is required, but it is expected that the current number systems can be reduced considerably. Systems performing the same basic function will be examined as a group to determine which systems are “best in breed”. These systems will become candidates to receive additional volume subject to additional feasibility analysis and successful stress testing.

D-5) Are there any quantitative benefits that will be achieved through this investment (e.g., systems savings, cost avoidance, stakeholder benefits, etc)?

Quantitative benefits for Phase 2 and Phase 3 are premature at this time, but several can be suggested as candidates for the six-month window provided by Phase 1. They are:

- Within the Servicing function, the outsourcing of bad-debt collections (while retaining performing debt) for all Agencies
- Evaluation of existing loan products and services (and ongoing cost of operations) to determine if older program with small volume are still relevant in today's marketplace.

D-6) Describe the results of your risk assessment for this project and discuss your plans to eliminate, mitigate, or manage identified risks (e.g., financial, acquisition, technical).

- Risk Identification by Relative Rank.
- Organizational Ownership.
- Responsible Individual.
- Area of Impact.
- Risk Impact
- Risk Probability.
- Remarks/Mitigation.

Table I. Risk Inventory And Assessment

Risk Identification (number and description) By Relative Rank	Applicable Attributes						Remarks/Mitigation
	Organizational Ownership	Citizen	Cost	Schedule	Impact	Probability	
1. Acceptance of Proposed Value Proposition	JPO	√			H	H	<p>Risk Description:</p> <ul style="list-style-type: none"> • Citizens need to perceive that the eLoans portal offers a better way to interact with government for information on federal loans. They should view this service as an additional option to traditional methods of obtaining information and interacting with government. <p>Risk Mitigation:</p> <ul style="list-style-type: none"> • Marketing and education campaigns should communicate the qualitative and quantitative benefits of a single point of online information for government loans, i.e. less time to find information, lower loan processing costs, easier navigation across agency programs, faster eligibility determination etc.
2. Inter-Agency Cooperation	JPO/ OMB			√	H	H	<p>Risk Description:</p> <ul style="list-style-type: none"> • High levels of sustained cooperation and coordination among the eight agencies which support loan/guarantee/insured programs are key success factors for this effort. <p>Risk Mitigation:</p> <ul style="list-style-type: none"> • Establish JPO as a strong and central management agency similar to that employed by existing government bodies or task forces (e.g. federal credit policy working group) to facilitate the business process reengineering (BPR) and organizational change components of the initiative. • Utilize the influence of OMB to speed up the business decision-making process. • Leverage electronic loan processing best practices from the federal government and the private sector with the goal to develop a government model for G2C interactions and transactions.

Risk Identification (number and description) By Relative Rank	Applicable Attributes						Remarks/Mitigation
	Organizational Ownership	Citizen	Cost	Schedule	Impact	Probability	
3. Privacy Act	JPO		√		H	H	<p>Risk Description:</p> <ul style="list-style-type: none"> Phases 2 and 3 require that citizen data and loan information be shared with more parties throughout the loan process than currently have access to this data. Citizen perception of the data collection efforts required with this initiative could be an issue if not addressed appropriately. <p>Risk Mitigation:</p> <ul style="list-style-type: none"> Evaluate and implement government and private industry best practices for system security in order to protect citizen data. Ensure security controls are well defined, documented and regularly assessed. Develop a clear privacy statement for eLoans site publication.
4. Current Culture	JPO			√	M	H	<p>Risk Description:</p> <ul style="list-style-type: none"> Areas ultimately targeted for efficiency improvements may be perceived as challenges to organizational structure/control. The eLoans initiative implies significant changes in current operational processes and the introduction of new technology. Industry experience has shown that employees may not be able to adapt to this magnitude of change without appropriate support. <p>Mitigation:</p> <ul style="list-style-type: none"> Since JPO is formed by key members from different agencies, it can be used as an effective communication channel to convey changes to the participating agencies to minimize potential culture conflict. Implement Change Management activities to facilitate the cultural transition across agencies. The Change Management strategy will include employee training and continuing support programs. Conduct pilots and develop prototypes to identify human performance factors and process issues in advance of major development.
5. Multi-year Effort is Required	JPO		√	√	M	H	<p>Risk Description:</p> <ul style="list-style-type: none"> eLoans will be implemented across three phases spanning 24-30 months and will require sustained senior management support at multiple agencies. <p>Mitigation:</p> <ul style="list-style-type: none"> Ensure senior level buy-in and commitment for this long-term effort. Plan appropriately for unanticipated changes in assignments (executive rotation). Include cost-saving initiatives early in the process to increase the level of visibility.

Risk Identification (number and description) By Relative Rank	Applicable Attributes						Remarks/Mitigation
	Organizational Ownership	Citizen	Cost	Schedule	Impact	Probability	
6. Non-Participating Agencies Do Not Want to Join Initiative	OMB			√	L	H	<p>Risk Description:</p> <ul style="list-style-type: none"> Participating agencies must be committed to providing the time, resources, and agency specific knowledge needed to develop and implement the eLoans vision, since all agencies will be required to integrate the solution on the backend. <p>Mitigation:</p> <ul style="list-style-type: none"> Ensure that all government agencies with direct/ guaranteed/insured loan programs have the opportunity and are encouraged to provide input to the eLoans vision, agency-specific requirements, and implementation support. At a minimum, the eLoans vision as well as related planning decisions, activities, and schedules should be communicated to all such agencies as part of the initiative's communication planning process. Communicate the increased level of customer satisfaction and cost savings to all government agencies and encourage participation.
7. Unionization	JPO/ Congress				L	M	<p>Risk Description:</p> <ul style="list-style-type: none"> Unionized employee groups may resist efforts perceived as reducing employment opportunities for their memberships. They may seek to block any outsourcing alternatives identified in Phase 2 and Phase 3. <p>Mitigation:</p> <ul style="list-style-type: none"> Initiate discussions with representatives from unionized employee groups as necessary to communicate changes that will occur. Present the opportunities for existing employees that the eLoans solution will create, such as training on new technology and greater employee satisfaction due to more streamlined processes.
8. Necessary Funding Will Be Sustained Across eLoans Phases	OMB		√	√	H	H	<p>Risk Description:</p> <ul style="list-style-type: none"> eLoans will be implemented across three phases spanning 24-30 months and will require subsequent funding allocations. A key assumption of the initiative is that OMB will allocate funding for eLoans as part of the President's Management Council eGovernment initiative. <p>Mitigation:</p> <ul style="list-style-type: none"> Work with OMB to ensure that funds are allocated to the initiative and verify Management Council priorities. Create detailed work plans and deliverable milestones to monitor project progress and control cost.

Risk Identification (number and description) By Relative Rank	Applicable Attributes						Remarks/Mitigation
	Organizational Ownership	Citizen	Cost	Schedule	Impact	Probability	
9. Legislative Rules and Laws	Congress		√	√	H	L	Risk Description: <ul style="list-style-type: none"> Rules and laws may conflict with different aspects of the eLoans initiative (e.g. rules to protect sensitive Citizen data) Mitigation: <ul style="list-style-type: none"> Utilize industry knowledge from JPO members to design alternatives solutions.
10. Agency Policies	JPO/ Agency			√	H	M	Risk Description: <ul style="list-style-type: none"> Existing policies at participating agencies may conflict with aspects of the eLoans initiative. Mitigation: <ul style="list-style-type: none"> Conduct focus groups with representatives from participating agencies to develop business processes that will minimize the conflict and still achieve goals set for the eLoans initiative. Implement change management initiatives at participating agencies if agency policies are being changed because of the eLoans initiatives.
11. Business Partner Alienation	JPO	√	√	√	L	H	Risk Description: <ul style="list-style-type: none"> The eLoans initiative will call for changes in business processes and technologies for key stakeholders including schools and lenders. The upfront cost to implement these changes and integrate with the eLoans solution may produce disproportionately greater burden on smaller (e.g. Section 8(a)) firms and schools which have fewer available resources for an effort of this scale. Consequently, some firms may not be able to participate in the initiative which may be perceived to threaten existing partner relationships and widen the Digital Divide. Mitigation: <ul style="list-style-type: none"> Conduct focus groups to capture the specific needs and challenges of these particular constituencies. Identify alternative measures to assist these business partners through the transition
12. Aging Federal Workforce	JPO/ Agency			√	M	H	Risk Description: <ul style="list-style-type: none"> Participating agencies will experience a loss of institutional knowledge as older staff retire over the multi-year period of the initiative. Mitigation: <ul style="list-style-type: none"> Conduct focus groups with representatives from participating agencies who possess deep institutional knowledge of related program areas. Develop ways to facilitate loan process knowledge sharing between the eLoans project team and other representatives from participating agencies.

Risk Identification (number and description) By Relative Rank	Applicable Attributes						Remarks/Mitigation
	Organizational Ownership	Citizen	Cost	Schedule	Impact	Probability	
13. HUD/FHA's Mutual Mortgage Insurance Fund	Agency		√		H	L	Risk Description: Capital reserves are the responsibilities of the FHA Commissioner and should not be commingled with funding for eLoans. Mitigation: Keep these capital reserves separate from eLoans funding.

E. IT Modernization and Architecture (IT Projects Only)

E-1) Is this project identified in your agency's enterprise architecture? If not, why?

No. As a proposed project pending approval, the eLoans initiative has not been incorporated into any of the participating agencies' enterprise architectures. IT representatives from five agencies, however, have participated in the eLoans meetings conducted in late 2001, participating fully in the conceptualization of eLoans and the design of this business case. These agencies include: Department of Education, Department of Agriculture, Department of Housing and Urban Development, Small Business Administration, and the Department of Veterans Affairs. OMB approval to commence Phase 1 will initiate detailed design sessions that ensure this initiative is has been added to each Agency's enterprise architecture.

E-2) Explain how this project conforms to:

a) your agency's enterprise architecture; and

Not applicable – please see answer above (Part II, Section E-1).

b) the Federal Enterprise Architecture Framework (FEAF), if used for this project. If you are not following the FEAF, explain why and describe the framework you are using.

The eLoans initiative will conform to following principles of the Federal Enterprise Architecture Framework (FEAF):

- 1) Standards Establish Federal interoperability standards.
- 2) Data Collection Minimize the data collection burden.
- 3) Security Secure Federal information against unauthorized access.
- 4) Functionality Take advantage of standardization based on common functions and customers.
- 5) Information Access Provide access to information.
- 6) Proven Technologies Select and implement proven market technologies.
- 7) Privacy Comply with the Privacy Act of 1974.

Establishing a single point of data for all Federal loan programs regardless of loan type is consistent with the framework's goal of minimizing the data collection burden. Data for all participating agencies will be standardized to ensure data consistency. The Joint Programs Office (JPO) will maintain support functions to ensure data quality. Security planning will occur in Phase 1 of the effort and security business functions including monitoring and planning will be established to ensure unauthorized access to JPO, agency, and Citizen data residing on any eLoans systems. Privacy concerns will have an important impact on user acceptance of the eLoans solution. Privacy statements describing what Citizen data will be collected, how it will be used, and how long it will be stored (if Citizens choose to enter data on the eLoans site) will be published on the eLoans site in comprehensible language. Technology solutions will also be considered to provide adequate protection of Citizen information. By consolidating the management of all Federal loan/guarantee/insured programs through a single entity, eLoans will make a huge step towards the standardization of common functions such as eligibility determination, loan origination, and servicing. The eLoans vision is for all participating agencies to share the same process and systems for the most common functions.

During Phase 1, Citizens will have the ability to access online information and educational resources for all Federal loan/programs from a single source. This single source will simplify access to these resources which will be available via the Internet at any time of the day from any web-accessible location. The eLoans solution will leverage best-of-breed technologies, many of which have been tested and are operational today in both in government and the private sector. In Phases 2 and 3, the eLoans team and the JPO will continue to follow these principles in developing additional functionality, considering future

investments, and improving Citizen interactions with government.

F. Security and Privacy (IT projects only)

NOTE: Referring to security plans or other documents is not adequate.

Discuss the security plan for this project and:

F-1) demonstrate that the costs of security controls are understood and are explicitly incorporated in the life-cycle planning of the overall system, including the additional costs of employing standards and guidance more stringent than those issued by NIST;

As a cross-Agency initiative, eLoans will have the challenge of developing a holistic security strategy and mitigation approach to cover the differing tolerances of risk inherent in the existing systems at each of the five active Agencies. Further, the nuances of web-based applications or portals will require enhanced emphasis on data security; user identification, authentication and provisioning; and overall data accuracy and integrity.

One of the keys to success is to inherently build strong privacy, security oriented and risk management principles into the system life cycle. Security controls are always more expensive to retrofit than to design-in; accordingly, privacy and security should be considered in the very earliest stages of system's development and follow through the life cycle to disposal. Similarly, information passes through a predictable life cycle; controls must be in place at every stage in that life cycle from creation or entry through disposal. Planning for privacy and security in each stage of the life cycle will optimize the IT investment and minimize technology and business process risks should non-positive outcomes occur.

Security, like other aspects of an IT system, is best managed if planned for *throughout* the IT system life cycle. There are many models for the IT system life cycle, but most contain five basic phases: *initiation, development/acquisition, implementation, operation and disposal*.

Organizations should ensure that security activities are performed and accomplished during each of the phases:

Initiation Phase: Document the need and purpose for the system. Perform an information sensitivity assessment.

Development/Acquisition Phase: Develop security requirements at the same time system planners define the requirements of the system.

Implementation Phase: Configure and enable the system's security features; test, install, field, authorize for processing.

Operation/Maintenance Phase: Describe the security activities conducted or planned as the system evolves. The security plan documents the security activities.

Disposal Phase: Briefly describe how information is disposed of and how media are sanitized.

F-2) demonstrate how the agency ensures that risks are understood and continually assessed;

We will use GAO's Risk Management Cycle and NIST Special Pub 800-30 as the standards for measuring compliance with federal privacy and security guidance. We related the control areas from a NIST-compliant security plan to each of the four stages in GAO's risk management cycle, a process called "binning," and per NIST 800-30 created the threat-source/vulnerability pairs for each control area. A-130 Appendix I, A-130 Appendix III and security guidance contained in NIST Special Pub 800-14 and Special Pub 800-18 provided the specific standards against which we will measure system compliance.

During each phase of eLoans a Risk Assessment will be performed on the project in combination with an in-depth review of the current Security Plan. During our assessment, we will examine the level of compliance in each issue/control area, taking into account the business process supported by eLoans. A “stop light” grade was assigned to each issue/control area. Using this method, ‘red’ indicates either total non-compliance or serious shortcomings; ‘yellow’ indicates either less than full compliance or room for improvement, and ‘green’ indicates either sufficient or full compliance, although it does not mean there is no room for additional improvement. Grades will be assigned and any failure to fully measure up to the articulated standard will be sufficient for a ‘yellow’ grade, while lack of evidence for compliance, or evidence of numerous shortcomings results in a ‘red’ grade.

Anything that fell short of Federal guidance will be considered a vulnerability and will need to be addressed. We will also look beyond simply *compliance* to consider what other measures might be taken to improve system level risk management. For this reason, opportunities for improvement at the system level control areas may still exist on areas with green stoplight ratings.

Through the use of the following framework, activities and documents, eLoans will be able to proactively monitor and mitigate potential risks before they truly materialize.

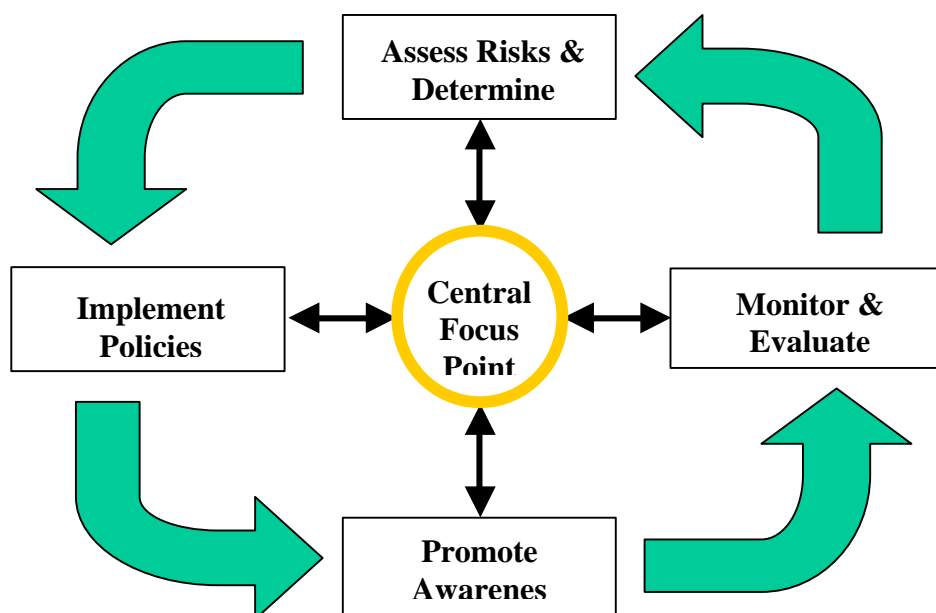


Figure 1: Mature Lifecycle for Risk Management Overview

Assess Risks and Determine

- General Description/Purpose
- System Environment
- System Interconnection/Information Sharing
- Applicable Laws or Regulations
- General Description of Information Sensitivity

- Risk Assessment and Management
- Review of Security Controls

Implement Policies and Controls

- Rules of Behavior
- Security life cycle planning
- Authorize Processing
- Personnel Security
- Physical and Environmental Protection
- Production, Input/Output Controls
- Contingency Planning
- Application Software Maintenance Controls
- Data Integrity/Validation Controls
- Documentation
- Identification and Authentication
- Logical Access Controls
- Public Access Controls

Promote Awareness

- Security Awareness and Training

Monitor and Evaluate

- Audit Trails

F-3) demonstrate how the agency ensures that the security controls are commensurate with the risk and magnitude of harm;

The only real way to validate that the proper procedures and controls are in place is through third party penetration attacks. These types of exercises lay bare potential gaps in network, application, data or physical security models. Attacks need to be executed from a variety of sources and locations, to cover the obvious efforts that will be made by external intruders, as well as the oftentimes more devastating and harder to identify internal attempts. Standard industry classification for penetration attempts include:

- Passive Attacks
- Active Attacks
- Close-In Attacks
- Insider Attacks
- Non-malicious Attacks
- Distribution Attacks

F-4) identify additional security controls for systems that promote or permit public access, other externally accessible systems, and those that are interconnected with systems over which program officials have little or no control;

To ensure the integrity and sanctity of data on eLoans, an extensive set of network security controls will be implemented.

- All sessions are 128-bit SSL encrypted
- Segmented network with multiple firewalls
- DMZ-Web access to external clients
- High availability, layered network architecture
- Aggressive security monitoring program
- Auditing and Logging to track anomalies
- VPN tunnels between sites

Additionally, the latest security standards and technologies will be utilized. Including:

- SSL/HTTPS
- X.509
- Cryptographic algorithm
 - RC2 (40-bit) and 3-DES (168-bit)
 - RSA, DSA, etc.
- OASIS Security Services
 - S2ML
- JCE
- JAAS
- PKI Infrastructure between partner sites and administrative users

F-5) demonstrate how the agency ensures the effective use of security controls and authentication tools to protect privacy for those systems that promote or permit public access; and

From a fundamentals perspective, there are 5 core components to any robust systems security plan. These principles guide the implementation methodology, tolerance to risk, balance between usability and impregnability, and ultimately define a philosophical approach to data integrity. These components are defined by:

Availability

- Strong security architecture
- Implementation with standards
- Network infrastructure and monitoring

Confidentiality

- End-to-end 128-bit SSL encryption
- Authentication and authorization

Integrity

- Careful software design
- Tight access controls and encryption

Accountability

- Comprehensive auditing and logging
- Detailed personnel policies and procedures

Assurance

- Periodic assessments and audits

Additionally, four primary levels of security products will be utilized, in addition to the “standard” roles and responsibilities found in normal security model. They include:

Physical Security:

- Personnel and Policies
- System Security and Monitoring
- Auditing and Assessment

Application and Data Security:

- Front-end Authentication
- Back-end Authorization
- Session Management

Network Security:

- Firewalls
- Cryptographic Algorithms
- Partner Connectivity
- VPN

Through the implementation of these policies and philosophies a holistic approach can be enabled to provide a protective shell across all aspects of an Agency, its systems, data and personnel. Only then, can a certain comfort and confidence be found in the overall integrity of the solution.

F-6) demonstrate how the agency ensures that the handling of personal information is consistent with relevant government-wide and agency policies.

eLoans will be compliant with all Federal and regulatory laws and policies. We have identified below those laws and policies that are particularly focused on the security, confidentiality and integrity of stored data.

Federal Laws

- Computer Security Act of 1987, Public Law 100-235, 101 Stat. 1724.
- Electronic Communications Privacy Act of 1986, Public Law 99-08, 100 Stat. 1848
- Fraud and Related Activity in connection with Access Devices and Computers, 5 United States Code 1029-1030,
- Freedom of Information Act, 5 United States Code 552, Public Law 93-502
- Privacy Act of 1974, 5 United States Code 552a, Public Law 99-08
- Security of Government Employees of 1950, United States Code 7501, Public Law 81-733
- Security Requirements for Government Employment of 1953, Executive Order 10450

Regulations

- OMB Circulars A-123, A-127, A-130
- National Security Decision Directive 145
- National Telecommunications Information System and Security Policy No. 2

Agency-Level

- Information Technology Security Policy of the Department of Education, May 2000
- SFA Security Policy, September 2001

G. Government Paperwork Elimination Act (GPEA) (IT Projects Only)

G-1) If this project supports electronic transactions or record-keeping that is covered by GPEA, briefly describe the transaction or record-keeping functions and how this investment relates to your agency's GPEA plan.

The GPEA of 1998 requires Agencies that submit, maintain, or disclose information implement electronic alternatives that reduce reliance on paper forms and documents by the end of FY 2003. The eLoans initiative will reduce reliance on paper-based forms by encouraging the channeling of additional volume through an electronic medium.

As a proposed multi-agency initiative, eLoans has not been adopted into agency GPEA plans yet. The JPO will take on the responsibility for ensuring that eLoans is compliant with GPEA.

G-2) Identify any OMB Paperwork Reduction Act (PRA) control numbers from information collections that are tied to this investment.

Identification of information collections to be targeted for reduction has not taken place but the eLoans initiative will significantly improve the efficiency and effectiveness of government loan operations. eLoans will improve service delivery to the public supporting the missions of the eight agencies serving the various loans needs of the public. As noted earlier, the eLoans initiative will allow Citizens to access all loan information through a single portal site (Phase 1), eliminating the need to locate and navigate through multiple websites. Using this electronic medium, citizens will complete applications and other forms online and spend less time doing so since common Citizen data will be shared across agencies (Phase 2) to minimize repetitive data input by Citizens.

PART III: COST, SCHEDULE AND PERFORMANCE GOALS

A. Description of performance-based system (PBMS):

Which performance-based management system will you use to monitor and manage contract or project progress?

eLoans is an initiative spanning eight federal agencies that use a number of different performance-based systems to measure project/initiative progress and gauge success. As a new initiative recently added to each participating agency's priorities, a PBMS has not been identified. The selection of such a system and its ongoing use for the initiative will be a task assumed by the JPO.

B. Original baseline (OMB-approved at project outset):

Using the format of your selected PBMS, provide the following:

B-1) What are the cost and schedule goals for this segment of phase of the project (e.g., what are the major project milestones or events; when will each occur; and what is the estimated cost to accomplish each one)?

	Cost and Schedule Goals			
Description	Schedule		Duration	Planned Cost
	Start Date	End Date	Days	
eLoans – Phase 1 <i>Single Point of Entry</i> Design/Build/Test/Deploy Portal, Stand-Up JPO, Portal Awareness/Marketing, Consultants	Feb 2002	Jul 2002	6 months	\$8-10M
eLoans – Phase 2 <i>Citizen Data</i>	Aug 2002	Apr 2003	9 months	\$8-10M
eLoans – Phase 3 <i>Shared Data</i>	May 2003	Jan 2004	9 months	\$14-16M

B-2) What are the measurable performance benefits or goals for this segment of phase of this project (e.g., what are the measurable performance improvements or efficiencies that you expect to achieve with this project)?

<u>Year</u>	<u>Strategic Goal</u>	<u>Description</u>	<u>Amount/Unit</u>
Phase 1	Develop citizen's trust by attracting and retaining citizens.	Track "stickiness" and portal traffic. Monitor use and reuse of eLoans portal.	TBD
Phase 1	Move citizens to FirstGov through increased marketing effort. Web portal will be linked through FirstGov and include categories for student, house, business/Agriculture (for profit) and other loans.	Monitor traffic between portals. Track movement and website activity from one portal to the next through established links.	TBD

<u>Year</u>	<u>Strategic Goal</u>	<u>Description</u>	<u>Amount/Unit</u>
Phase 1	Cover initial investment cost. Treat first phase(s) as an investment.	Monitor budget – actual vs. planned expenditures.	TBD
Phase 2	Reuse common data for citizens	Leverage common repository for all citizen data – one-time data entry to capture citizen data. Cost savings (for gov't) and time savings (for citizens) realized through elimination of duplicate data entry and maintenance.	TBD
Phase 2	Realize potential cost savings	Calculate increase in the number of loans processed online. Measure savings in cost of paper application vs. online filing.	TBD
Phase 3	Make data fully accessible	Leverage shared data across agencies. Greater interaction and integration among agencies. Cost efficiencies derived from data sharing.	TBD
Phase 3	Consolidate processes	Monetary cost savings achieved through the elimination of some redundant processes and systems.	TBD
Phase 3	Realize greater cost savings	Solution fully integrated, maintained and operated collectively; accessible and utilized by all. Measure adoption rate and churn to determine customer loyalty.	TBD

C. Current baseline (applicable *only* if OMB approved the changes):

Using the format of your selected PBMS, provide the following:

C-1) What are the cost and schedule goals for this segment of phase of the project (e.g., what are the major project milestones or events; when will each occur; and what is the estimated cost to accomplish each one)?

Not Applicable – no baseline exists.

Description	Cost and Schedule Goals			
	Schedule		Duration	Planned Cost (000)
	Start Date	End Date	Days	

	Cost and Schedule Goals			
Description	Schedule		Duration	Planned Cost (000)
	Start Date	End Date	Days	

C-2) What are the measurable performance benefits or goals for this segment of phase of this project (e.g., what are the measurable performance improvements or efficiencies that you expect to achieve with this project)?

Not applicable – no baseline exists.

<u>Year</u>	<u>Strategic Goal</u>	<u>Description</u>	<u>Amount/Unit</u>
2002			
2003			

D. Actual Performance and Variance from OMB approved baseline (Original or Current):

D-1) Actual cost and schedule performance. Using the information from your PBMS, explain:

- a) What work you planned (scheduled) to accomplish and how much you budgeted to complete the work.**

Not applicable – no baseline exists.

	Planned				Actual			
Description	Schedule		Duration	Planned Cost	Schedule		Percent Complete	Actual Cost
	Start Date	End Date	Days		Start Date	End Date		

- b) What work you actually accomplished and how much you actually spent.**

Refer to the list of proposed accomplishments in Part 1, Project Description.

D-2) Cost and schedule variance. If either the actual work accomplished or costs incurred vary from your baseline goals by 10 percent or more, explain:

- a) The variance between planned and actual costs or planned and actual schedule, expressed as a percentage of the baseline goal.**

Not applicable.

b) The reason for the variance.

Not applicable.

D-3) Performance variance. Explain whether, based on work accomplished to date, you still expect to achieve your performance goals. If not, explain the reasons for the variance.

Not applicable.

E. Corrective actions:

If actual work accomplished or costs incurred to date vary from the planned baseline goals by 10 percent or more, explain:

Not applicable.

a) What you plan to do, if anything, to correct project performance.

As a proposed new project that has not commenced, no corrective actions are necessary. The JPO established for this initiative will be responsible for monitoring project delivery requirements against the milestone schedule and for seeing that any corrective actions are executed. The COO of the JPO would work with the OMB GtoC Portfolio Champion to both enact corrective measures and to take preventive action in areas where challenges can be reasonably expected.

b) What effect your action will have on overall project cost, schedule and performance benefits.

Not applicable.

APPENDIX

1. Commonality Matrix

2. Data Collection Documents

The Department of Education
The Department of Agriculture
The Department of Housing and Urban Development
The Small Business Administration
The Department of Veterans Affairs